

Disability Benefits

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KTRS employers should notify KTRS immediately if they become aware that a KTRS disability annuitant returns to covered employment. The section of the KTRS Disability Application requiring certification of income should be completed accurately and returned promptly to KTRS. Please remember that members applying for disability retirement cannot receive pay for any days after the requested disability retirement date.

TYPES OF DISABILITY BENEFITS AVAILABLE

KTRS offers disability retirement benefits to full-time members who have at least five years of service credit and become disabled. Part-time and substitute members must have at least five years of service credit and have worked at least 45 days into the fiscal year before becoming eligible to apply for disability retirement. Members with less than five years of service credit may receive disability benefits only if they become mentally or physically disabled due to a work-related injury. Members who have 27 or more years of service credit are allowed to apply for service retirement only.

ENTITLEMENT

Members on disability retirement accrue service credit called entitlement that is added to the member's account either at the time they return to work or the time their disability retirement is recalculated. The maximum entitlement credit that can be accrued is five years; however, total service credit when entitlement service credit is added cannot exceed 27 years.

EMPLOYMENT

Members receiving disability retirement benefits are prohibited from being employed in any job that requires the same duties or qualifications as any job normally covered under KTRS. They are also prohibited from being employed in any job that makes them eligible for membership in any other publicly-funded retirement system.

A member may have other employment while on disability retirement; however, there are definite limitations on the amount of income the member can earn through outside employment. The member should discuss this earning limitation with a KTRS disability retirement counselor.

Members are required to notify KTRS when they are able to resume employment. The member must then supply KTRS with a letter from the employer stating the date of return to work and a letter of release from a licensed physician. These documents are required in order for KTRS to add disability entitlement service credit to the member's account. Employers are required to notify KTRS if they are aware that a member has returned to active employment but is still drawing a disability retirement benefit.

MEDICAL REVIEW COMMITTEE

An impartial Medical Review Committee consisting of three (3) licensed physicians reviews the member's statement and all medical information submitted by the member's physician(s). The committee then makes recommendations to the Board of Trustees for final disability determination. The member and employer will be notified when the Board makes the final disability determination.

To substantiate a member's continued eligibility for disability benefits, KTRS requires the member to submit up-to-date medical information from their physician(s) periodically. The member must also submit detailed financial information in order to document any outside income.

Failure to submit requested medical and employment information will result in a suspension of benefits.

APPLICATION FOR DISABILITY RETIREMENT

Members who wish to apply for disability retirement should contact KTRS with their employment status and current fiscal year salary. The member's eligibility will be verified and a KTRS staff member will supply them with the application forms and detailed instructions. In order to qualify for disability retirement, a member's disabling condition must be expected to last at least 12 months.

The member should complete their sections of the Application for Disability Retirement (Form F-21) and then take it to the employer for certification of salary and sick leave. The employer should have authorized personnel complete both Sections VII – Worksheet to Reconcile Reported Earnings for the Last Three Years and VIII – Certification by Employer. This application should not be completed until the member has ceased active employment. **The member may be paid for sick leave days after their last day of employment; however, they may not have any paid days after the effective date of the disability application.** The section completed by the employer should include contributions for any sick leave, annual leave, or comp payments.

Members who also have an account with one of the other state retirement systems should contact that retirement system, as benefits between the retirement systems must be coordinated. Service credit in KTRS and the other state retirement systems combine to meet eligibility requirements for disability retirement.

EFFECTIVE DATE

The effective date of disability retirement is either the first day of the month following receipt of the properly executed Application for Disability Retirement or the first day of the month following the employer's last payment of salary as sick leave benefits, whichever is the latter date.

CALCULATION OF BENEFITS

The formula used for the initial calculation of disability retirement is 60% of the member's final average salary. The member's monthly benefit will remain at this 60% throughout the entitlement period. The calculation for a member who retires on disability with fewer than five years of service will be based on 50% of the last annual contract salary.

If a member remains disabled at the end of the entitlement period, the member's benefit will be recalculated using the service retirement formula. If the member is less than 60 years of age, they are considered as age 60 with no reduction in benefits due to early retirement. The member will **not** convert to service retirement at that time. All limitations on employment and earnings will still be in effect. The member will also be required to continue submitting medical and financial information for continued benefits.

CONTINUING STATUS

Employers should not ask the member for a resignation at the time of application for disability retirement. Teachers and superintendents of local school districts who take disability retirement retain continuing status in the school district from which they retired for a period of 24 months. If the teacher or superintendent recovers from disability within the 24-month period and presents the school board with a release from a licensed physician no later than April 15 prior to the beginning of the school year, the school district is required to reinstate the teacher or superintendent to active continuing status at the beginning of the next school year.

TAXABILITY OF DISABILITY BENEFITS

Disability retirement benefits are reported as taxable income for federal income tax purposes.

LIFE INSURANCE BENEFITS

Members retired on disability retirement have a life insurance benefit of \$5,000 through the retirement system. The member should complete the Designation of Beneficiary for Life Insurance Benefit form at the time of retirement. A new form should be completed if the member wishes to change the beneficiary.

SURVIVOR BENEFITS

If a member dies while on disability, the member's surviving spouse or qualified beneficiary may be eligible for service retirement benefits, a monthly survivor benefit, or a refund of any remaining account balance. The retirement system should be notified of the member's death so that the survivor benefits may be dispensed in a timely manner. See Chapter 13 for more specific information on death benefits.